

Message Text

CONFIDENTIAL POSS DUPE

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44

ACTION DLOS-07

INFO OCT-01 SS-14 ISO-00 ARA-10 EA-13 L-02 COA-01 IO-03

PM-03 CIAE-00 INR-10 NSAE-00 RSC-01 DODE-00 NSC-07

PRS-01 EB-03 ACDA-10 CG-00 DOTE-00 SCI-03 DRC-01 /090 W

----- 097487

R 120920Z JUL 74

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 3316

INFO AMEMBASSY CARACAS

AMEMBASSY SAIGON

C O N F I D E N T I A L JAKARTA 8624

LIMDIS

CARACAS FOR LOS DELEGATION

EO 11652: GDS

TAGS: PBOR ENRG VS ID

SUBJ: ENERGY/LOS: GVN-GOI CONTINENTAL SHELF DISPUTE

REF: JAKARTA 8622

1. REPEATED BELOW IS TEST OF BOW VALLEY INDONESIA
(BVI) TELEX TO HOME OFFICE.

2. QUOTE:

A. I WAS ASKED JUNE 20 TO COME TO PERTAMINA AND
REVIEW BVI POSITION IN VIETNAM DISPUTED WATERS WITH
INDONESIA.

B. I WAS ASKED IF BVI WAS OPERATOR FOR SUNNINGDALE
AND FURTHER IF WE WERE AWARDED BLOCK 12 AT LAST SALE
AND TO EXPLAIN OUR POSITION IN BLOCK 22.

C. I REPLIED AS FOLLOWS: 1) BOW VALLEY ET AL
WERE NOT AWARDED BLOCK 12; 2) SUNNINGDALE WAS THE
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OFFICIAL OPERATOR IN VIET NAM BUT THAT BOW VALLEY
HAD CARRIED OUR SUPERVISION OF TECHNICAL WORK TO

DATE IN VIET NAM; 3) I SAID THAT WE WERE A PARTNER
IN BLOCK 22.

D. MR SOEPARJADI--ASST DEPUTY OF EXPLORATION
OF PERTAMINA ASKED THE ABOVE QUESTION. HE THEN HANDED
ME A LETTER DATED JUNE 12/74 FROM LT GENERAL
SUTOWO ADDRESSED TO ALL FOREIGN CONTRACTORS ADVISING
NOT TO APPLY FOR DISPUTED WATERS. THIS LETTER WAS
THE ENGLISH TRANSLATION OF A LETTER DATED APRIL 30, 1974,
ADVISING THE SAME INSTRUCTION. BOW VALLEY HAD NEVER
RECEIVED EITHER LETTER IN JAKARTA NOR HAD WE BEEN PRIOR
ADVISED WITH RESPECT TO THE ABOVE LETTER UNTIL MY
VISIT TO SOEPARJADI JUNE 20, 1974.

E. THE FOLLOWING IS THE WRITTEN FOLLOW UP RECEIVED
JUNE 24 FROM PERTAMINA AS FOLLOWS: "PERTAMINA LETTER
REFERENCE 386/DMEP 74. DATED JUNE 22/74, SUBJECT:
SOUTH CHINA SEA EXPLORATION. DEAR SIR: IT HAS
COME TO OUR NOTICE THAT BOW VALLEY IS THE OPERATOR
FOR A CONCESSION OFFSHORE SOUTH VIETNAM WHICH HAS
BEEN AWARDED TO THE SUNNINGDALE GROUP. WE WOULD
LIKE TO DRAW YOUR ATTENTION TO THE ATTACHED LETTERS,
THE CONTENTS OF WHICH SHOULD BE FULLY EXPLANATORY TO
YOU. BASED ON THE CONTENTS OF THESE LETTERS WE
STRONGLY ADVISE YOU TO WITHDRAW YOUR PARTICIPATION
IN THE SUNNINGDALE CONTRACT. YOURS FAITHFULLY,
PERUSHAHAN PERTAMANGAN MINAK DAN GAS BUMI
NEGARA (PERTAMINA) IR SOEDIONO, DEPUTY DIRECTOR
E/P (SIGNED BY IR SOEDIONO)."

F. THE LETTERS REFERRED ARE DATED APRIL 30/74
WRITTEN IN INDONESIAN AND AN ENGLISH TRANSLATION
DATED JUNE 12/74. I QUOTE ONLY THE ENGLISH TRANS-
LATION: PERTAMINA REF 1158/DR/DU/74, DATED JUNE 12/74 ADDRESSED
TO ALL CONTRACTORS OF PERTAMINA DEAR SIR, THE GOVERN-
MENT OF SOUTH VIETNAM HAS FOR THE SECOND TIME
INCLUDED THE CONTINENTAL SHELF OF INDONESIA IN ITS
ORDER NO OTL/BTMKN/UP/VESSDH/NE DATED FEB 19,
1974, RELATING TO THE GRANT OF EXPLORATION AND EXPLOIT-
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ATION CONCESSION IN SOUTH CHINA SEA. WE WISH TO
INFORM YOU THAT PART OF THE CONTRACT AREA UNDER THE
PRODUCTION SHARING CONTRACT BETWEEN PERTAMINA AND
AGIP AV.A. DATED DECEMBER 19, 1968 HAS BEEN INCLUDED
IN THE ABOVE MENTIONED ORDER OF THE GOVERNMENT OF
SOUTH VIETNAM. IN ACCORDANCE WITH THE LETTER OF
THE MINISTER OF MINING OF THE REPUBLIC OF INDONESIA
NO 966/M.251/SJ/1974 DATED APRIL 30, 1974, WE STRONGLY
ADVISE YOU NOT TO APPLY FOR THE CONCESSION OF THE
ABOVE CONTRACT AREA OF AGIP SP. A. IN SOUTH CHINA

SEA AS RATIFIED BY THE DECREES OF THE PRESIDENT OF
THE REPUBLIC OF INDONESIA NO 68 OF THE YEAR 1971
DATED OCTOBER 1, 1974, AND NO 39 OF THE YEAR 1973
DATED NOVEMBER 17, 1973. SIGNED LT GENERAL IBNU
SUTOWO, PRESIDENT DIRECTOR.

G. I AGREED WITH MR SOEPARJADI TO IMMEDIATELY
CONTACT BVI CALGARY UPON RECEIPT OF PERTAMINA OFFICIAL
COMPLAINT.

H. THE OFFICIAL LETTER DOES NOT STATE THE ACTION
TO BE TAKEN HOWEVER SOEPARJADI INDICATED VERBALLY
TO ME ON JUNE 20 THAT WE MIGHT FIND OUR POSITION IN
INDONESIA JEOPARDIZED IF AN EQUITABLE SOLUTION WAS
NOT FORTHCOMING.

I. I DID POINT OUT TO SOEPARJADI THAT BOW VALLEY
HAD NOT RECEIVED A FORMAL WARNING REGARDING
THE AWARDS INHYQOUE IN VIETNAM. I DID AGREE
THAT WE WERE AWARE OF A PRIOR WARNING ISSUED TO
JENNY REGARDING PRIOR OFFERINGS AND THAT BVI
HAD NOT PARTICIPATED IN FORMAL BIDS PRIOR TO
1973.

J. SOEPARJADI ASKED THAT WE PREPARE A FORMAL
REPLY ASAP AND HOW BVI WILL COMPLY WITH PERTAMINA
DEMANDS.

K. I FEEL WE MUST BE DIRECT AND POSITIVE IN OUR
REPLY. PERHAPS THE SITUATION REQUIRES ME TO COME
TO CANADA OR YOU TO COME HERE. YOUR CONSTRUCTIVE
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AND HELPFEL SUGGESTIONS WOULD BE MOST WELCOME.

L. I WILL TELL SOEPARJADI TODAY I HAVE FORWARDED
HIS LETTERS BY TELEX AND WILL FURTHER DISCUSS ON
RECEIPT OF YOUR TELEX ANSWER. END QUOTE.
NEWSOM

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Message Attributes

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Concepts: CONTINENTAL SHELF, TERRITORIAL WATERS, ENERGY, PETROLEUM, PROPOSALS (BID), BUSINESS FIRMS, CONTRACTS
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30 JUN 2005

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TAGS: ENRG, PBOR, VN, ID, VS, PERTAMINA, BVI
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005